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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation And Order to
Show Cause on the Commission's Own Motion
into the Operations and Practices of Pacific Gas
and Electric Company with Respect to Facilities
Records for its Natural Gas Distribution System
Pipelines.

I.14-11-008
(Filed November 20, 2014)

**PACIFIC GAS AND ELECTRIC COMPANY'S
PREHEARING CONFERENCE STATEMENT**

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Dated: March 5, 2015

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OF THE STATE OF CALIFORNIA**

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PREHEARING CONFERENCE STATEMENT**

Pacific Gas and Electric Company ("PG&E") submits this prehearing conference statement to address the questions presented in the February 25, 2015 Ruling Setting Prehearing Conference and Granting Motions for Party Status ("Ruling"):

Given the evidentiary record that has been compiled to date, all participating parties should be prepared to identify disputed issues of material fact that will require evidentiary hearings. Parties should also be prepared to report on the status of discovery and propose a schedule to complete any needed discovery.

I. ISSUES OF MATERIAL FACT

PG&E supports the Commission's thoughtful review of its gas distribution recordkeeping practices with the goal of further enhancing the safety of its system and service. The issues addressed in this proceeding should be carefully directed to achieve that purpose. To that end, PG&E submits that the focus of the proceeding should be to assess its gas distribution recordkeeping practices and initiatives and determine whether they are consistent with industry

practices and sufficiently robust to adequately reduce the risk of future events similar to the six incidents identified in the OII.¹

Hearings at which PG&E and other parties can present evidence subject to cross-examination are needed to answer the central question posed by the OII—“whether PG&E’s recordkeeping practices for its gas distribution system have been unsafe and in violation of the law.”² With minor exceptions, PG&E agrees with the factual descriptions of the six incidents set forth in the Safety and Enforcement Division (“SED”) Incident Investigation Reports (“SED Reports”), which in large part draw on information PG&E provided to SED. It therefore does not appear that evidentiary hearings regarding the factual circumstances of the six incidents are necessary, although PG&E is prepared to address these incidents and the specific corrective actions it took in response, if needed. Thus, fact-finding should focus on whether PG&E is taking the appropriate steps to enhance the reliability and accessibility of its records and whether PG&E’s corrective actions appropriately reduce the possibility of future events that are similar to the identified incidents or that could reasonably be anticipated.

Disputed issues of material fact for which evidentiary hearings may be required are:

1. What are PG&E’s gas distribution system recordkeeping policies and practices;
2. What are the industry practices with respect to gas distribution asset recordkeeping;
3. Do PG&E’s existing and planned recordkeeping practices comport with those applicable industry practices;
4. What corrective actions and complementary initiatives has PG&E undertaken; and

¹ OII at 2-7. PG&E does not agree either as a factual or legal matter that recordkeeping issues associated with the identified incidents departed from industry standards or violated any law, regulation, or Commission order.

² OII at 1.

5. Are such actions and initiatives sufficient to ensure adequate recordkeeping practices and access to those records going forward, while adequately reducing the possibility of incidents caused by imperfect records.

II. STATUS OF AND SCHEDULE FOR DISCOVERY

A. Current Status

The OII imposed a moratorium on any discovery conducted by PG&E, while making it clear that “the Commission and its staff may seek information from PG&E at any time.”³ PG&E had informally provided information to SED pertaining to the six underlying incidents before the OII commenced. SED propounded its first data request to PG&E on March 4, 2015. No other discovery has been taken by SED or any other party. There are presently no disputed discovery issues to be resolved.

B. Discovery Directed to PG&E

Unless carefully managed, discovery in this proceeding could become enormously time-consuming and the proceeding itself very lengthy, while at the same time doing nothing to advance the goal of enhancing safety. PG&E’s distribution system is some ten times larger than its transmission system, and one of the largest in the nation.⁴ Like every other gas utility in the U.S., PG&E faces challenges in maintaining records that in many instances date back more than 50 years. While PG&E constantly strives to improve its gas distribution recordkeeping, the sheer scope of its distribution system makes attainment of perfectly accurate records impossible.

³ OII at 12.

⁴ As described in PG&E’s Initial Report in Response to OII, PG&E’s gas distribution system consists of over 42,000 miles of mains and nearly 3.3 million gas services that provide natural gas to the company’s 4.3 million residential, commercial, and industrial customers. Its gas distribution system covers 70,000 square miles—an area larger than 33 of the 50 United States. The system is comprised of 826 hydraulically independent systems, with more than 77,000 miles of underground gas lines, including mains and services. PG&E’s gas distribution paper as-built and gas service records total over 18,000 linear feet which, if stacked vertically, would equal almost three miles—the height of 15 Empire State Buildings. Initial Report at 4.

Exhaustive discovery and review of these underlying distribution records would not only be unfeasible, but also unproductive. Simply looking at, for example, millions of as-built or gas service records themselves would do nothing to reveal whether the records are reliable or help assess the risk that recordkeeping issues might contribute to incidents in the field. Rather, discovery of PG&E should focus on obtaining information relevant to PG&E’s recordkeeping practices and the risk reduction resulting from PG&E’s corrective actions and initiatives.

C. Discovery Conducted by PG&E

To begin with, it would seem only reasonable that the moratorium on discovery conducted by PG&E should be lifted. Depending on the scope of the proceeding, PG&E may seek discovery from SED and other parties regarding: (i) historic views on and responses to gas distribution recordkeeping industry practices, and (ii) enforcement policies regarding gas distribution recordkeeping. In addition, as set forth in PG&E’s Comments on Preliminary Scoping Memo, PG&E is entitled to production of all exculpatory material from SED. PG&E may also pursue additional discovery from SED and intervenors as other relevant issues arise—and evidence is submitted—during the course of these proceedings.

D. Discovery Schedule

The following proposed schedule is designed to allow sufficient time for all parties to complete discovery in time for the Commission to issue a final decision in this matter within 12 months of when a final scoping memo is issued:⁵

Event	Date
Last day to submit non-expert data requests	May 8, 2015
Prepared direct testimony by SED and intervenors	June 29, 2015

⁵ Commission Rules of Practice and Procedure, Rule 5.2 (schedule shall be consistent with “resolving the proceeding within 12 months or less (adjudicatory proceeding)”).

Prepared direct testimony by PG&E	August 10, 2015
Rebuttal testimony by SED and intervenors	September 10, 2015
Rebuttal testimony by PG&E	September 30, 2015
Last day to submit expert data requests	October 30, 2015

Respectfully Submitted,

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